

Debt Service

This budget provides for the payment of principal and interest on outstanding general obligation debt which have been incurred either through bond issuance or lease financing. Cash flow during succeeding fiscal years has been adequate and no short term borrowing has been necessary.

Budget Commentary

The FY93 Debt service budget included pass-through loan payment to the State from the owner/developer of the 6 Grant Avenue project, for repayment of a Maryland Industrial Commercial Redevelopment Fund loan. The 6 Grant Avenue property was sold during FY 98 and the property owner's MICRF note was released. Settlement with the State on the outstanding MICRF balance on 6 Grant was finalized during FY03 in the amount of \$42,260. The loan agreement provides for annual payments of \$5,000 for eight years, with \$2,260 due during the last year.

The City purchased the Zarpas property in Takoma Junction for \$483,000 in August, 1995. A bank loan of \$315,000 was used to purchase the property. The debt service payment on the loan is approximately \$2,833 per month and is reflected in the FY05 budget. If the property is sold by the City to a developer, the City will no longer be making debt service payments on the bank loan.

In FY00 the City entered into an Memorandum of Understanding (MOU) with Montgomery County for an interest free loan of \$455,000 for revitalization of some sections of the City formerly in Prince George's County. The MOU provides for annual payments of \$50,000 for eight years, with \$55,000 due during the last year.

In FY02 the City participated in a bond issuance through the Maryland State Infrastructure Loan Program for a twenty year fixed term at 4.48% interest, to finance the City's cost for the Community Center in the amount of \$2,048,700.

In FY03 the City entered into a lease-purchase agreement with Bank of America for the purchase of a new police radio system. The agreement provides for annual lease payments of \$62,840 for seven years.

The City purchased a Green Machine Street Sweeper in FY04. Funds for the purchase were secured through a SunTrust commercial bank loan of \$19,475 at 4.25% interest. The Takoma-Langley Crossroads Development Authority (CDA) agreed to pay half the cost of the equipment and makes annual payments to the City which are reflected in General Fund revenues. The loan will be repaid over the next three years.

Proposed FY05 Budget: Debt Service

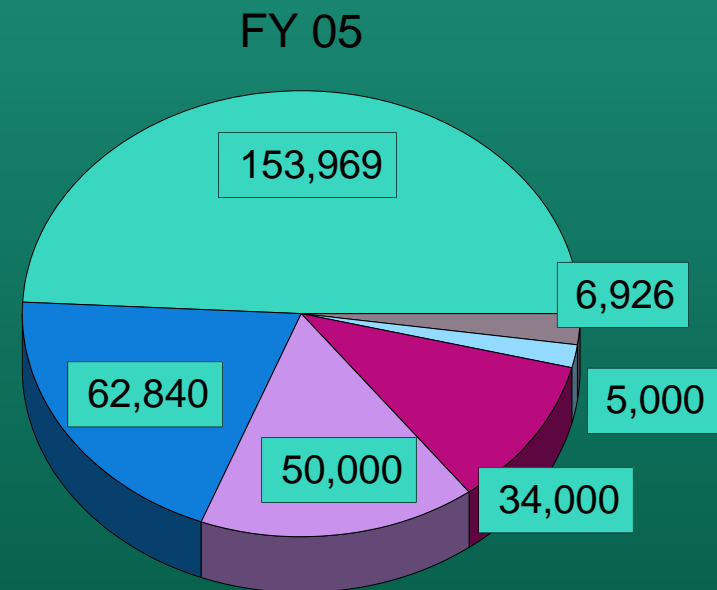
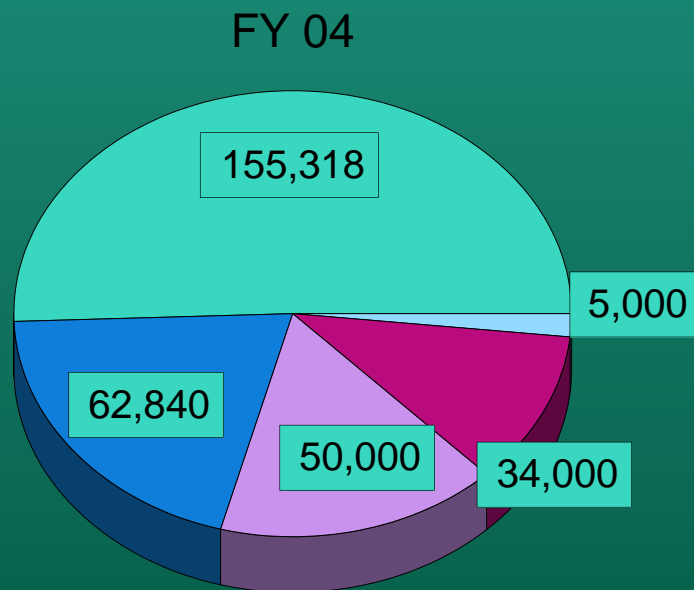
Debt Service

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Account	Title	FY03 Budget	FY04 Budget	FY04 Estimated Actual	FY05 Projected
7253	Debt Service Takoma Junction Loan	42,354	34,000	35,000	34,000
7254	Debt Service Ride-Behind Sweeper	0	0	0	6,926
7255	Debt Service Pinecrest-Montg.	50,000	50,000	50,000	50,000
7256	Debt Service Medco-Principal	747,548	0	0	0
7257	Debt Service Street Sweeper	7,653	0	0	0
7258	Debt Service Copmuter System	29,718	0	0	0
7259	Debt Service Radio Equipment	47,391	62,840	62,840	62,840
7300	Debt Service Debt Financing-State	155,515	155,318	155,318	153,969
7351	Debt Service 6 Grant Ave. Project	0	5,000	5,000	5,000
Total	Report	\$1,080,179.00	\$307,158.00	\$308,158.00	\$312,735.00

Debt Service

Approved FY 04 and Proposed FY 05
(\$307,158) (\$312,735)
Increase = 1.8%



Legend

Light Blue Bond State of MD
Pink Takoma Junction

Dark Blue Police Radio Equip
Light Green 6 Grant Ave.

Purple Pinecrest/Mont Cty
Brown Walk Behind Sweeper